

[Banking and Finance Law Daily Wrap Up, TOP STORY—FHFA, HUD suspend foreclosures, evictions due to coronavirus emergency, \(Mar. 19, 2020\)](#)

Banking and Finance Law Daily Wrap Up

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The agencies suspended foreclosures and evictions for at least 60 days due to the coronavirus national emergency. The foreclosure and eviction suspension applies to homeowners with an Enterprise-backed single-family mortgage and to all FHA-insured Single-Family mortgages.

The Federal Housing Finance Agency has directed the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, to suspend foreclosures and evictions for at least 60 days due to the coronavirus national emergency, the agency [announced](#). In addition, the Department of Housing and Urban Development [announced](#) it authorized the Federal Housing Administration to implement an immediate foreclosure and eviction moratorium for single family homeowners with FHA-insured mortgages for the next 60 days ([Mortgagee Letter 2020-04](#)).

HUD's 60-day moratorium applies to the initiation of foreclosures and to the completion of foreclosures in process. Evictions of persons from properties secured by FHA-insured Single-Family mortgages are likewise suspended for a period of 60 days. In addition, deadlines of the first legal action and reasonable diligence timelines are extended by 60 days.

Great first step. In response, the National Community Reinvestment Coalition (NCRC) issued a [release](#) stating that "[t]he suspension of HUD and FHFA foreclosures and evictions is a significant measure that we applaud." The group cautioned however, that "this is a great first step, but there will need to be others."

Congressional request. Rep. Carolyn B. Maloney (D-NY), senior member of the House Committee on Financial Services, together with 106 Congressmembers had [requested](#) an immediate, nationwide moratorium on all foreclosures and evictions from properties owned, insured, or overseen by the GSEs and HUD, as well as the Federal Housing Administration, the Department of Veterans Affairs, and the Department of Agriculture, in light of the developing coronavirus epidemic. Maloney [noted](#) that "these agencies account for more than 63% of all mortgages originated in the United States."

CFPB. Consumer Financial Protection Bureau Director Kathy L. Kraninger likewise praised the moratorium, [stating](#) that "[t]he actions taken today by HUD and FHFA are timely and an important step in providing assurance to consumers." Kraninger added that the Bureau has "encouraged financial institutions to work with their customers affected by the coronavirus" and further emphasized that it will continue working "to ensure we are providing appropriate flexibilities to benefit consumers during this time" and "to protect them in the financial marketplace."

Brown legislation. "Fannie Mae and Freddie Mac are doing what everyone should be doing—offering borrowers relief if they fall behind on their payments during this pandemic and giving them tools to get back on track when it's over," Sen. Sherrod Brown (D-Ohio) [said](#). "Every homeowner should have the same opportunity." Brown echoed the NCRC's sentiment, stating in a [release](#) that HUD's action "is a step in the right direction" but that "does not go far enough" and must be expanded to others, "including renters and those with mortgages not backed by the government." Brown pointed out that he [introduced](#) legislation aimed at protecting families faced with financial hardship due to the economic consequences of the coronavirus from falling behind on their loan or facing foreclosure. Brown's bill ([S. 3509](#)) would amend the Real Estate Settlement Procedures Act to:

- halt foreclosures, including the beginning of a foreclosure or a foreclosure sale, for a period of 180 days;

- offer borrowers a minimum of 180 days forbearance on their loan payments;
- allow borrowers to extend their loan by the length of the forbearance, without fees, penalties, or accrued interest;
- help borrowers who suffered a permanent decline in income to stay in their home by requiring servicers to evaluate homeowners for a loan modification at no cost and with no penalties for the borrower.

Companies: Fannie Mae; Freddie Mac; National Community Reinvestment Coalition

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